



**MINUTES OF THE  
CALIFORNIA INFRASTRUCTURE AND  
ECONOMIC DEVELOPMENT BANK**

For the meeting held on  
July 26, 2011, 1:30 p.m.  
980 9<sup>th</sup> Street, Conference Center, 2nd Floor  
Sacramento, California 95814

Chairman Jimenez called the meeting of the California Infrastructure and Economic Development Bank (I-Bank) Board to order at 1:30 p.m.

**1. Call To Order and Roll Call.**

The following Board members were in attendance:

Augustin Jimenez represented the Secretary of the Business, Transportation and Housing Agency.  
Pedro Reyes represented the Director of the Department of Finance.  
Francisco Lujano represented the State Treasurer.  
Anna M. Caballero, Secretary of the State and Consumer Services Agency.  
D. Everett Rice, Governor's appointee.

The following I-Bank staff members were in attendance:

Stan Hazelroth, Roma Cristia-Plant, Diane Cummings, Paula Connors, Julie Talbot and Marilyn Munoz.

**2. Executive Director's Report.**

Executive Director Stan Hazelroth reported to the Board the following:

- ❖ The Board members have been provided a copy of a letter from our financial audit firm, Macias, Gini & O' Connell LLP confirming the commencement of the 2010/2011 audit and the audit objectives, responsibilities, procedures and other audit expectations.
- ❖ The Board members have been provided a copy of the recently released Moody's Investor Service annual surveillance rating on the Infrastructure State Revolving Fund Program Bonds. After a very thorough review, Moody's affirmed the Aa2 rating on these unenhanced bonds and recognized the I-Bank, "Strong, proactive management which undertakes thorough surveillance of its borrower portfolio" as a key factor in the continued strong program bonds rating.
- ❖ The four conditions contained in the approval of Resolution 11-13 regarding Sonoma Academy amendments have been satisfied and the amendment was completed in July.
- ❖ The four conditions contained in the approval of Resolution 11-09 regarding The Broad Collection have been satisfied and the bonds closed on July 13, 2011.
- ❖ He attended the Clinton Global Initiative (CGI)--America conference in July and facilitated the dialogue on public infrastructure, and that he intends to continue to work with the other participants and experts to collaborate on the feasibility of developing one or more new I-Bank financing programs which would focus on financing clean energy, transit and other projects that will produce jobs and

economic benefits for the people of California. He also reported that an additional amount of time was needed to collaborate with other state entities and interested parties before a proposal should be considered by the Board, and as such, the related agenda item for this meeting has been withdrawn by staff.

**Consent Items:**

**3. Approve minutes from the meeting held on June 28, 2011.**

Chairman Jimenez called for questions or comments from the Board and the public. Hearing none, he entertained a motion to approve this consent item. Mr. Reyes moved to approve the minutes and Mr. Rice seconded the motion. The minutes were unanimously approved.

**Action Items:**

- 4. Resolution No. 11-14 authorizing the I-Bank's Executive Director to continue his work with the world's leading experts on finance and a clean economy brought together at the Clinton Global Initiative in June and to participate in the Clinton Global Initiative conference in September of 2011 to finalize their work. Specifically, the resolution would authorize the Executive Director to act, on behalf of the I-Bank, to collaborate with other attendees to develop and adopt an informal, non-binding, Clinton Global Initiative Commitment. Under such a commitment, the I-Bank would partner with other entities willing to share the same commitment to engage leading experts in infrastructure and economic development finance to advise the I-Bank on developing one or more new financing programs. The goal of such programs would be to catalyze investment by investment banks, pension funds, philanthropic institutions and other funding sources to co-invest with the I-Bank in the clean technology sector with a focus on renewable energy, transit, water resources and other jobs-producing infrastructure and economic development projects in California.**

The item was removed from the agenda.

- 5. Resolution No. 11-15 approving the sale, issuance and delivery of tax-exempt industrial development revenue bonds for the benefit of Bay Photo, Inc. and Sammie Rae Abitbol, LLC in an amount not to exceed \$8,775,000 to finance the acquisition and improvements of an economic development facility located in the City of Scotts Valley.**

Ms. Connors presented a staff report describing the request to finance up to \$ 8,775,000 million in tax-exempt industrial development revenue bonds for the Bay Photo, Inc. and Sammie Rae Abitbol, LLC to be used to acquire three parcels of property, renovate three vacant buildings, purchase equipment, and pay for costs of issuance of the bonds. Ms. Connors indicated that Bay Photo, Inc. is a professional quality photographic printing and finishing laboratory, serving professional photographers and has experienced significant sales growth in recent years. She indicated that the proposed project will allow Bay Photo to consolidate its operations into a single, larger campus-type facility that should support growth and an increased workforce for the

foreseeable future, and that the company anticipates an estimated 78 full time jobs to be created at the project site within two years of project completion. Ms. Connors then introduced Dan Bronfman of Growth Capital Associates, Financial Advisor and Larry Abitbol, President of Bay Photo, Inc.

Chairman Jimenez called for questions or comments from the Board and the public. Mr. Reyes commented that he was pleased to see that the business has provided equity into the project.

Chairman Jimenez called for any additional questions or comments from the Board or the public. Hearing none, he entertained a motion to approve Resolution No. 11-15. Mr. Reyes moved to approve the resolution and Ms. Caballero seconded the motion. The Board unanimously approved the resolution.

**6. Resolution No. 11-16 approving a second supplemental indenture and a second supplemental loan agreement to clarify the scope of the project being financed with proceeds of the outstanding California Infrastructure and Economic Development Bank's Variable Rate Demand Revenue Bonds, Series 2010 (Buck Institute for Age Research).**

Ms. Connors presented a staff report in which she stated that the request to approve a second supplemental indenture and a second supplemental loan agreement for the Buck Institute for Age Research in relation to bonds previously approved and issued by the I-Bank that were used to finance research facilities (2010 Project) and refund bonds issued for the Institute in 2001 that also financed research facilities. Ms. Connors indicated that definition of 2010 Project was previously amended by the Board to include a parking facility, and that similar to this previous amendment, 2010 Project construction costs continue to be lower than originally projected, and that the Institute proposed to further amend the definition of the 2010 Project to include a geothermal heating and cooling exchange system, rather than the traditional heating and cooling system included in the original design, and to allow the addition of a bond trustee-held account for administrative convenience. She further explained that according to the Institute, using geothermal heating and cooling is expected to result in annual savings of approximately \$400,000 per year over traditional heating and cooling systems.

Chairman Jimenez called for questions or comments from the Board and the public. In response to a question from Mr. Reyes, Ms. Connors responded that US Bank is the Trustee.

Chairman Jimenez called for any additional questions or comments. Hearing none, he entertained a motion to approve Resolution No. 11-16. Mr. Lujano moved to approve the resolution and Ms. Caballero seconded the motion. The Board unanimously approved the resolution.

**7. Resolution No. 11-17 approving an Infrastructure State Revolving Fund Program financing for the Coastside County Water District in an amount not to exceed \$6,756,500 to finance the Denniston Creek Water Treatment Plant Improvements Project, a public development facility to be located in the County of San Mateo, California.**

Ms. Cummings presented a staff report describing a \$6,756,500 Infrastructure State Revolving Fund (ISRF) Program loan proposal of to the Coastside County Water District for the Denniston Creek Water Treatment Plant Improvements Projects, a project that includes the design, construction, and installation of new water pre-treatment units, upgrade of the wash water handling system and improvements to chemical storage and feed systems, the plant control system and raw water pumps. Ms. Cummings explained that the project will enable the District to use more locally-sourced raw water, reduce the use of more expensive raw water purchased from the San Francisco Public Utilities Commission, result in savings to exceed \$1.2 million per and sustain the area's floral and tourism businesses. Ms. Cummings introduced David R. Dickson, District General Manager.

Chairman Jimenez called for questions or comments from the Board and the public. Hearing none, he entertained a motion to approve Resolution No. 11-17. Mr. Lujano moved to approve the resolution and Ms. Caballero seconded the motion. The Board unanimously approved the resolution.

**8. Resolution No. 11-18 authorizing a two-year extension of the current auditing services contract with Macias, Gini & O'Connell LLP.**

Ms. Talbot presented a staff report describing the request to approve a two-year extension to the term of the contract for audit services between I-Bank and Macias, Gini & O'Connell LLP. She explained that the firm was appointed by the Board as the I-Bank's audit firm in 2009, and under contract to prepare the audit for the three years ending June 30, 2009, 2010 and 2011, and that the I-Bank has been satisfied with the firm's services on the two prepared audits so far, and that the firm has begun the 2010/2011 audit. She further explained that the firm has proposed to reduce the fee for 2010/2011 audit to \$56,160 and proposed a two year contract extension with a reduced flat fee for the two additional fiscal years to \$50,000 each year, for a contract amount not to exceed \$266,320.00. Ms. Talbot explained that such an extension is consistent with the I-Bank's adopted Audit Procurement Policy which allows audit contracts up to five years, that the proposed contract extension at the rates quoted will save both time and money. Ms. Talbot then introduced Scott Brunner, CPA, Director for Macias, Gini & O'Connell LLP.

Chairman Jimenez called for questions or comments from the Board and the public. Ms. Caballero commented that she was supportive of the action and pleased with the proposed savings.

Chairman Jimenez called for any additional questions or comments from the Board and the public. Hearing none, he entertained a motion to approve Resolution No. 11-18. Ms. Caballero moved to approve the resolution and Mr. Reyes seconded the motion. The Board unanimously approved the resolution.

**Other Non-Action Business.**

Chairman Jimenez called for any other business; there was none.

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**Public Comment.**

Chairman Jimenez called for any public comment; there was none.

**Adjournment.**

Chairman Jimenez declared the meeting adjourned at approximately 2:00 p.m.